



SACHI A. HAMAI  
Interim Chief Executive Officer

County of Los Angeles  
**CHIEF EXECUTIVE OFFICE**

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
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*"To Enrich Lives Through Effective And Caring Service"*

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Fifth District

June 30, 2015


The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

16 June 30, 2015

  
PATRICK OGAWA  
ACTING EXECUTIVE OFFICER

**LEASE AMENDMENT  
DEPARTMENT OF MENTAL HEALTH  
6800 OWENSMOUTH AVENUE, CANOGA PARK  
(THIRD DISTRICT)  
(3 VOTES)**

**SUBJECT**

A seven-year lease amendment for 9,835 square feet of office space and 39 on-site parking spaces for the Department of Mental Health to provide continued and expanded use of the existing facility.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Find that the proposed lease amendment is categorically exempt from the provisions of the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board of Supervisors, per Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).
2. Approve and instruct the Mayor to sign the seven-year amendment to the lease agreement with NAY HOLDINGS, LLC (Lessor) for the Department of Mental Health for 4,170 additional square feet of office space and 16 on-site parking spaces in addition to the currently occupied 5,665 square feet of office space and 23 on-site parking spaces at 6800 Owensmouth Avenue, Canoga Park, for a new total of 9,835 square feet and 39 on-site parking spaces at an initial maximum annual rental cost of \$320,262. The lease costs are 100 percent funded by State and federal revenue.
3. Authorize the Internal Services Department, or the Lessor, at the direction of the Chief Executive Office, to acquire and install telephone, data, and low voltage systems at a cost not to exceed \$175,000.

4. Authorize the Interim Chief Executive Officer, and the Directors of Mental Health and Internal Services to implement the project. The lease amendment will be effective upon approval by the Board of Supervisors, and the new term will commence upon completion of the tenant improvements by the Lessor and acceptance by the County.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Under State Proposition 63 – Mental Health Services Act (MHSA), the Department of Mental Health (DMH) was mandated to formulate a plan for the expeditious implementation of various mental health services across the County.

In October 2006, the Board of Supervisors approved the acquisition, development, and implementation of 14 directly operated Wellness Center (WC) programs to be located in strategic areas throughout the County as part of DMH's overall transformation from clinical services to a Recovery Model of community based, client and family driven, recovery oriented services and support systems. The WCs are designed to offer options to clients who no longer need the intensive services offered by the Full Service Partnership (FSP) programs or traditional adult outpatient services, and who are ready to take increasing responsibility for their own wellness and recovery.

The proposed lease amendment will continue to provide DMH with a satellite office for the WC program to augment services currently provided at the Mental Health facility at 7621 Canoga Avenue, Canoga Park, located approximately one mile from the facility.

In addition to furthering the goals of the MHSA, the recommended actions are intended to fill gaps in the service delivery system by serving clients that are in advanced stages of recovery, thus offering a potentially cost-effective alternative to ongoing maintenance visits at outpatient clinics. Development of the WCs will enhance DMH's ability to concentrate the majority of its outpatient resources on meeting the needs of the underserved population and providing intensive services to those in need of that level of care. The ultimate goal of the WCs is to reduce reliance on the mental health system by building a sustaining network of community-based support systems for clients no longer requiring more traditional care. By allowing for the continuation of the satellite office as proposed, DMH will be able to provide enhanced services in a more expeditious manner to its target population.

The proposed lease amendment will provide continued occupancy of the facility with uninterrupted delivery of services to the affected constituency within the vicinity of the surrounding Service Planning Area 2. The facility, as amended and improved, will house approximately 39 staff positions. A seven-year lease amendment is recommended due to the ongoing need for the WC program, and the tenant improvements necessary to accommodate the additional office space would not be justifiable under a short-term renewal and expansion.

Parking is provided in the facility parking lot with sufficient parking available nearby. The facility is in proximity to local public transportation routes.

### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan Goal of Integrated Services Delivery (Goal 3) directs that we maximize opportunities to measurably improve client and community outcomes and leverage resources through the continuous integration of health, community, and public safety services. The proposed lease amendment supports this goal by providing an office in or near the community it serves to increase effectiveness, enhance customer service, and provide responsive services to the public. The lease amendment is in conformance with the Asset Management Principles as outlined in Attachment A.

### **FISCAL IMPACT/FINANCING**

The proposed lease amendment will provide the County the enhanced use of 9,835 square feet of office space and 39 on-site parking spaces at a monthly base rent of \$19,670 per month, or \$236,040 annually, i.e., \$2 per square foot per month on a full-service gross basis. The base rental rate reduction of \$0.81/\$9.72 per square foot monthly/annually from the existing rent will represent potential savings of approximately \$385,446 over the term of the lease amendment for the existing leased space. In addition, a Tenant Improvement (TI) allowance of \$147,525, included in the base rent and an additional TI allowance of \$354,450 is available for improvement of the existing and expansion office space. The annual reimbursable payments may amount to \$84,222, if all the additional TI allowance is expended and amortized over five years at 7 percent interest. Attachment B is an overview of the changes in the lease.

This is a full-service gross lease whereby the Lessor is responsible for all operating costs associated with the County's occupancy. The rent is subject to Consumer Price Index (CPI) increases capped at 3 percent in lieu of the previous annual fixed increases of 3 percent. Parking is available in the building and included in the rent.

Sufficient funding for the proposed lease costs is included in the proposed Fiscal Year (FY) 2015-16 Rent Expense budget and will be billed back to DMH. DMH has sufficient funding in its FY 2015-16 operating budget to cover the projected lease costs.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The proposed lease amendment will provide continued and expanded use of 9,835 square feet of office space and 39 on-site parking spaces, and contains the following provisions:

- The lease amendment will be effective upon approval by the Board of Supervisors and the seven-year term and new rent will commence upon substantial completion and County acceptance of the TIs.
- A full-service gross basis whereby the Lessor is responsible for all operational and maintenance costs.
- A TI allowance of \$147,525, or \$15 per square foot, included in the base rental rate for improvement of the premises.
- A reimbursable additional TI of \$354,450, or \$85 per square foot of the expansion office space, which may be paid in a lump sum or amortized over five years of the extended term at an annual interest rate of 7 percent.

- A cancellation provision allowing the County to cancel any time after five years of the extended lease term with 60 days prior written notice.
- Annual rental rate adjustments based upon CPI with a maximum increase of 3 percent per annum and no floor.

The Chief Executive Office (CEO), Real Estate Division staff conducted a survey within the search area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically, nor are there any County-owned or leased facilities available for this program. Based upon said survey, staff has established that the rental range for similar space is between \$18 and \$26.40 per square foot per year on a modified gross basis, excluding parking. Thus, the base annual rent of \$24 per square foot per year on a full-service gross basis, including parking, for the proposed lease amendment represents a rate within the market range for the greater West San Fernando Valley area. Attachment C shows County-owned or leased facilities in the proximity of the service area and there are no suitable County-owned or leased facilities available for the program.

The proposed lease amendment will provide a central and appropriate location, which is consistent with the County's Facility Location Policy adopted by the Board of Supervisors on July 24, 2012, as outlined in Attachment D.

The Department of Public Works has inspected this facility and found it suitable for the County's occupancy. Notification letters have been sent pursuant to Government Code Sections 25351 and 65402.

### **ENVIRONMENTAL DOCUMENTATION**

The CEO has concluded that this project is exempt from the California Environmental Quality Act (CEQA) as specified in Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board of Supervisors, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

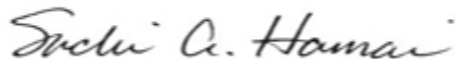
### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The proposed lease amendment will adequately provide the necessary office space for this County requirement. DMH concurs with the proposed recommendation.

**CONCLUSION**

It is requested that the Executive Office, Board of Supervisors, return four originals of the executed lease amendment, two certified copies of the Minute Order, and the adopted, stamped Board letter to the CEO, Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

A handwritten signature in cursive script that reads "Sachin A. Hamai".

SACHI A. HAMAI  
Interim Chief Executive Officer

SAH:CMM:CEM  
TS:NCH:gw

Enclosures

c: Executive Office, Board of Supervisors  
County Counsel  
Auditor-Controller  
Mental Health

**DEPARTMENT OF MENTAL HEALTH**  
**6800 OWENSMOUTH AVENUE, CANOGA PARK**  
**Asset Management Principles Compliance Form<sup>1</sup>**

|   |   |     |    |     |
|---|---|-----|----|-----|
| 1.  | <b><u>Occupancy</u></b>   | Yes | No | N/A |
| A   | Does lease consolidate administrative functions? <sup>2</sup>   |     |    | X   |
| B   | Does lease co-locate with other functions to better serve clients? <sup>2</sup> <b>Satellite office near 7621 Canoga Avenue, Canoga Park (West SFV Mental Health Center)</b>                              |     | X  |     |
| C   | Does this lease centralize business support functions? <sup>2</sup>   |     |    | X   |
| D   | Does this lease meet the guideline of 200 sq. ft of space per person? <sup>2</sup><br><b>Ratio is approximately 252 square feet per person allowing for conference and other related interview rooms.</b> |     | X  |     |
| E   | Does lease meet the 4/1000 sq. ft. parking ratio guideline? <sup>2</sup> <b>39</b>  | X   |    |     |
| F   | Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location? <sup>2</sup>   | X   |    |     |
| 2.  | <b><u>Capital</u></b>   |     |    |     |
| A   | Is it a substantial net County cost (NCC) program?  |     | X  |     |
| B   | Is this a long term County program?   | X   |    |     |
| C   | If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?  |     | X  |     |
| D   | If no, are there any suitable County-owned facilities available?  |     | X  |     |
| E   | If yes, why is lease being recommended over occupancy in County-owned space?  |     |    | X   |
| F   | Is Building Description Report attached as Attachment C?  | X   |    |     |
| G   | Was build-to-suit or capital project considered? <b>The County already occupies the facility and adjacent space for expansion is available.</b>   |     | X  |     |
| 3.  | <b><u>Portfolio Management</u></b>  |     |    |     |
| A   | Did department utilize CEO Space Request Evaluation (SRE)?  | X   |    |     |
| B   | Was the space need justified?   | X   |    |     |
| C   | If a renewal lease, was co-location with other County departments considered?   |     | X  |     |
| D   | Why was this program not co-located?  |     |    | X   |
|   | 1. ____ The program clientele requires a "stand alone" facility.  |     |    |     |
|   | 2. <u>X</u> No suitable County occupied properties in project area.   |     |    |     |
|   | 3. ____ No County-owned facilities available for the project.   |     |    |     |
|   | 4. ____ Could not get City clearance or approval.   |     |    |     |
|   | 5. ____ The Program is being co-located.  |     |    |     |
| E   | Is lease a full service lease? <sup>2</sup>   | X   |    |     |
| F   | Has growth projection been considered in space request?   | X   |    |     |
| G   | Has the Dept. of Public Works completed seismic review/approval?  | X   |    |     |
| <sup>1</sup> As approved by the Board of Supervisors 11/17/98 |   |     |    |     |
| <sup>2</sup> If not, why not?                                 |   |     |    |     |

### FISCAL IMPACT / FINANCING OVERVIEW OF LEASE CHANGES

| <b>6800 Owensmouth Ave., Canoga Park</b> | <b>Existing Lease</b>   | <b>Proposed Lease/<br/>First Amendment</b>                          | <b>Change</b>   |
|--|---|---|---|
| Area (square feet)                       | 5,665   | 9,835   | +4,170 sq. ft.  |
| Term                                     | (08/01/2008-07/31/2013)<br>currently on month-to-month holdover | Seven years upon Board adoption                                     | +7 years  |
| Annual Base Rent                         | \$191,280<br>(\$33.76/sq.ft.)                                   | \$236,880<br>(\$24/sq.ft.)  | + \$45,600* (-\$9.76/sq.ft.)                          |
| Base TI Allowance (non-reimbursable)     | \$113,300<br>(\$20/sq.ft.)                                      | \$147,525<br>(\$15/sq.ft.)  | +\$34,225 (-\$5/sq.ft.)                               |
| Add'l TI Allowance                       | \$254,925<br>(\$45/sq.ft.)                                      | \$354,450*<br>(\$85/sq.ft.)   | +\$86,645* (+\$40/sq.ft.)                             |
| Max Annual Rent                          | \$238,434<br>(\$42.09/sq.ft.)                                   | \$320,262**<br>(\$32.56/sq.ft.)                                     | +\$81,828** (-\$9.53/sq.ft.)                          |
| Cancellation                             | County after 4 years with 180 days notice                       | County after 5 years with 60 days notice                            | +1 year<br>-120 days notice                           |
| Parking (included)                       | 23 spaces   | 39 spaces   | +16 spaces  |
| Option to Renew                          | One 5 year option   | None  | None  |
| Rental Adjustment                        | Automatic 3 percent increases per year                          | Consumer Price Index (CPI) increases capped at 3 percent, no floor. | -3 percent auto increase;<br>+ CPI with 3 percent cap |

\* New Lease comprised of 9,835 square feet of office space at new rate of \$2.00/sq.ft. monthly.

\*\* \$354,450 represents the maximum amount of reimbursable TI funds available for the project. If this entire amount is expended and amortized over 60 months at the rate of 7 percent, the annual TI reimbursement amount will be \$84,222 (\$.71/\$8.56 per sq. ft. per month/annually). Amount includes annual base rent and annual reimbursement of Additional TI allowance.

**DEPARTMENT OF MENTAL HEALTH  
SPACE SEARCH - 3-MILE RADIUS OF 7621 CANOGA AVENUE, CANOGA PARK**

| Laco | Facility Name                                    | Address  | Ownership | Gross SQFT | Net SQFT | SQFT Available |
|------|--|--|-----------|------------|----------|----------------|
| X165 | CHATSWORTH COURTHOUSE                            | 9425 PENFIELD AVE,<br>CHATSWORTH 91311         | FINANCED  | 302,435    | 182,589  | NONE           |
| A503 | DPSS-WEST VALLEY<br>CALWORKS/GAIN REG II PROGRAM | 21415 PLUMMER ST,<br>CHATSWORTH 91311          | LEASED    | 97,280     | 87,552   | NONE           |
| A504 | DPSS-WEST VALLEY<br>CALWORKS/IHSS PROGRAM OFFICE | 21615 PLUMMER ST,<br>CHATSWORTH 91311          | LEASED    | 67,220     | 60,498   | NONE           |
| A624 | BOS-FIELD OFFICE DISTRICT 5                      | 21943 PLUMMER ST,<br>CHATSWORTH 91311          | LEASED    | 2,550      | 2,423    | NONE           |
| A637 | DPSS - MEDICAL (NORTHRIDGE)                      | 9451 CORBIN AVE,<br>NORTHRIDGE 91324           | LEASED    | 57,799     | 54,909   | NONE           |
| A652 | DCFS-SAN FERNANDO<br>VALLEY/WEST SFV (SPA 2)     | 20151 NORDHOFF ST,<br>CHATSWORTH 91311         | LEASED    | 73,595     | 69,915   | NONE           |
| A671 | DMH-WELLNESS CENTER                              | 10515 BALBOA BLVD,<br>GRANADA HILLS 91344      | LEASED    | 7,991      | 7,592    | NONE           |
| A664 | DMH-WELLNESS CENTER                              | 6800 OWENSMOUTH,<br>CANOGA PARK 91303          | LEASED    | 5,665      | 5,382    | NONE           |
| A667 | PH-WEST VALLEY DISTRICT OFFICE                   | 21515 VANOWEN ST,<br>CANOGA PARK 91303         | LEASED    | 6,847      | 6,505    | NONE           |
| 5872 | DHS-CANOGA PARK HEALTH<br>CENTER (P/PP SITE)     | 7107 REMMET AVE,<br>CANOGA PARK 91303          | OWNED     | 5,308      | 3,094    | NONE           |
| A213 | PH-NORTH DISTRICT HEALTH<br>FACILITIES OFFICE    | 15643 SHERMAN WAY,<br>VAN NUYS 91406           | LEASED    | 3,712      | 3,600    | NONE           |
| A316 | SHERIFF-NORTH HILLS T.R.A.P. UNIT                | 8353 N SEPULVEDA<br>BLVD, NORTH HILLS<br>91343 | LEASED    | 1,500      | 1,500    | NONE           |
| A145 | CHILD SUPPORT SERVICES-DIVISION<br>HEADQUARTERS  | 15531 VENTURA BLVD,<br>ENCINO 91436            | LEASED    | 45,775     | 30,602   | NONE           |



## **FACILITY LOCATION POLICY ANALYSIS**

**Proposed lease renewal:** Seven-year lease amendment for the Department of Mental Health – 6800 Owensmouth Avenue, Canoga Park – 3<sup>rd</sup> District. There is a County cancellation right after five years.

**A. Establish Service Function Category** – Regional and local public service function.

**B. Determination of the Service Area** –The proposed lease renewal will allow DMH to continue to provide a comprehensive full-service Wellness Center satellite centrally located to this specific service area.

**C. Apply Location Selection Criteria to Service Area Data**

- Need for proximity to service area and population: DMH programs are most effective when located in the same geographic area as their consumers, providers and stakeholders. This location meets the service area criteria and remains in the desired area.
- Need for proximity to existing County facilities: It is DMH's desire to collaborate with County Department partners, such as the Departments of Public Social Services and Children and Family Services whenever possible. The subject facility is located within five miles of offices housing Department of Mental Health clinic, and the Departments of Children and Family Services, Public Social Services, and Community and Senior Services.
- Need for proximity to Los Angeles Civic Center: N/A
- Economic Development Potential: N/A
- Proximity to public transportation: The location is adequately served by local transit services.
- Availability of affordable housing for County employees: The surrounding area provides for affordable housing and rental opportunities.
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: There are no existing County buildings available to meet the Department's service needs.

- Compatibility with local land use plans: The Department of Public Works inspected the facility and found it suitable for County occupancy. Notification letters have been sent pursuant to Government Code Sections 25351 and 65402.
- Estimated acquisition/construction and ongoing operational costs: The initial maximum annual rent is \$320,262. Rental costs are 100 percent funded by State and federal funding sources.

#### **D. Analyze results and identify location alternatives**

Based upon the space and service needs of DMH, staff surveyed the immediate area to determine the availability of comparable and more economical site alternatives.

Based on a survey of the area, staff established the annual rental range for similar office space is up to \$26.40 per square foot on a modified gross basis, excluding parking. Therefore, the proposed annual rent of \$24 on a full-service gross basis, including parking, is within market range for the area and supports the lease renewal at this location.

#### **E. Determine benefits and drawbacks of each alternative based upon functional needs, service area, cost and other Location Selection Criteria**

The renewal of the subject lease amendment for DMH will provide adequate satellite Wellness Center space for its employees and efficient space for on-site service to clients, which is consistent with the County's Facility Location Policy adopted by the Board of Supervisors on July 24, 2012. The cost of comparable sites was higher per square foot and the sites would require tenant improvements that would drive the rent up further.

## FIRST AMENDMENT TO LEASE AGREEMENT

THIS FIRST AMENDMENT TO LEASE AGREEMENT (this "Amended Agreement") is made as of this 30th day of June, 2015, by and between **NAY HOLDINGS, LLC**, having an office at 1510 11<sup>th</sup> Street, Suite #201, Santa Monica, CA 90401 (the "Landlord") and **COUNTY OF LOS ANGELES**, a body politic and corporate (the "Tenant").

### RECITALS:

WHEREAS, Landlord and Tenant entered into that certain lease agreement dated March 4, 2008 for certain premises commonly known as 6800 Owensmouth Avenue, Suite 160, Los Angeles, CA 90027, comprised of approximately 5,665 square feet (the "Original Premises"), said lease and any prior modifications collectively referred to herein as the "Lease";

WHEREAS, the term of the Lease expired on July 31, 2013, and Tenant continues to occupy the Original Premises in holdover status; and

WHEREAS, the parties hereto desire to extend the term of the Lease and modify and amend the Lease as hereinafter provided.

NOW, THEREFORE, for and in consideration of the mutual covenants and provisions contained herein and other good and valuable consideration, the adequacy and receipt of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

### AMENDED AGREEMENT:

1. **EXPANSION.** Landlord and Tenant desire to and hereby do expand the Original Premises to include additional space, commonly known as Suite #160 within the Building (as that term is defined in the original Lease), comprising an additional approximately 4,170 rentable square feet (the "Expansion Premises"). The Original Premises and Expansion Premises shall collectively be referred to as the "Premises."
2. **NEW TERM.** The term for the Expansion Premises and the extended term for the Original Premises shall be eighty four (84) months commencing on the Commencement Date and expiring on the Expiration Date (the "Term"). Section 33, Option to Extend, of the Lease is hereby deleted in its entirety.
3. **NEW COMMENCEMENT DATE.** The New Commencement Date shall mean the date that Landlord has completed all of Landlord's Work to the Expansion Premises and any modifications to the Original Premises.
4. **NEW EXPIRATION DATE.** The New Expiration Date shall mean the date that is eighty four (84) months after the New Commencement Date.
5. **BASIC RENT.** Tenant shall pay to Landlord during the first year of the Term, Basic Rent in the amount of *Nineteen Thousand Six Hundred Seventy and 00/100 Dollars (\$19,670.00)*, i.e. *\$2.00 per square foot per month*, without any off-set, deduction, prior notice or demand, which shall be payable on the first (1<sup>st</sup>) day of each calendar month. Until the New Commencement Date, Tenant shall continue to pay the existing Basic Rent for the Original Premises pursuant to the original Lease.

6. **ANNUAL INCREASES.** If the Consumer Price Index ("CPI") on any Adjustment Date (which shall mean the first day of the month every year in which the anniversary of the Commencement Date falls) shall be greater than the CPI in effect on the New Commencement Date, the Basic Rent shall be adjusted, upwards only, by adding an amount ("CPI Escalation Amount") equal to the product obtained by multiplying the Basic Rent by the increase in the CPI from the New Commencement Date through the relevant Adjustment Date. For purposes hereof, the CPI in effect on the New Commencement Date and on any Adjustment Date shall be determined on the basis of the CPI for the second calendar month preceding the months in which the New Commencement Date and relevant Adjustment Date fall. The CPI shall mean the Consumer Price Index for All Urban Consumers, All Items, Los Angeles-Anaheim-Riverside County, CA 1982-84=100, published by the United States Department of Labor, Bureau of Labor Statistics ("Bureau"). If such index is discontinued or revised, Landlord shall substitute a comparable index which shall produce a result which is comparable to the result which would have been produced had such index not been discontinued. In no event shall the monthly Basic Rent adjustment based upon the CPI formula result in an annual increase greater than three percent (3%) per year of the Basic Rent.
7. **CONDITION OF PREMISES.** Prior to the New Commencement Date, Landlord shall complete Landlord's Work. Landlord, within a commercially reasonable period of time after Landlord's approval of the plans and specifications for the Improvements (as defined herein), shall commence and complete work on the Improvements and shall pay for the costs of the same up to a maximum cost of the Base and Tenant Improvement Allowances. The "Improvements" shall mean, collectively, certain improvements, alterations and/or additions to the Premises to be constructed pursuant to and in accordance with plans and specifications submitted to and approved by Landlord and Tenant. Landlord acknowledges that the Improvements may include, without limitation, the purchase of new furniture, fixtures and equipment for the Premises. The Improvements shall be performed by and under the authority of Landlord, or its authorized agent, and approved by a designated representative of the Chief Executive Office (which approval shall not be unreasonably withheld, conditioned or delayed). For purposes of the Lease, the Expansion Premises shall be in "Ready for Occupancy" condition upon "Substantial Completion of the Expansion Premises," the latter term defined as occurring upon the completion of construction of those portions of the Improvements in and for the Expansion Premises, with the exception of any punch list items and any furniture, fixture and equipment.
- All Improvements shall be in compliance with all applicable laws, codes, and ordinances, including but not limited to, the Americans with Disabilities Act (ADA).
8. **BASE TENANT IMPROVEMENT ALLOWANCE.** The Base Tenant Improvement Allowance (as that term is defined in the Lease) for the Premises shall be One Hundred Forty-seven Thousand Five Hundred Twenty-five and 00/100 (\$147,525) for completion of Tenant's build-out of the Premises.
9. **ADDITIONAL TENANT IMPROVEMENT ALLOWANCE.** The Additional Tenant Improvement Allowance (as that term is defined in the Lease) shall be Three Hundred Fifty-four Thousand Four Hundred Fifty and 00/100 Dollars (\$354,450) for completion of Tenant's build out of the Premises. Tenant may use all, part or none of the Additional Tenant Improvement Allowance.
10. **AMORTIZATION RATE.** The Additional Tenant Improvement Allowance Amortization Rate (as that term is defined in the Lease) shall be seven percent (7%), with payments amortized over the first 60 months of the Term payable by Tenant. Tenant may pay off the balance in full at any time with no prepayment penalty.

11. **EARLY TERMINATION RIGHT.** Tenant shall have the right to terminate this Amended Agreement after the 60<sup>th</sup> month of the New Term provided Tenant provides a 60-day written notice to Landlord, sent via certified mail with return receipt requested.

12. **PARKING.** Tenant shall have sixteen (16) additional parking spaces for the Expansion Premises during the Term. Lessor shall have the right, at any time and in Lessor's sole and absolute discretion, to (a) assign parking spaces (single or tandem) and/or (b) to create and enforce a parking plan.

13. **MISCELLANEOUS.**

- a. Tenant agrees and acknowledges that the Original Premises remain acceptable for Tenant's use and Tenant acknowledges that neither Landlord nor any broker or agent has made any representations or warranties in connection with the physical condition of the Premises or their fitness for Tenant's use upon which Tenant has relied directly or indirectly for any purpose. Tenant has no broker representations in connection with this Amended Agreement.
- b. Tenant hereby represents and warrants to Landlord that the Lease and this Amended Agreement hereby constitutes a valid and binding obligation of Tenant, enforceable against Tenant in accordance with their terms, and Tenant has no defenses, offsets or counterclaims with respect to its obligations thereunder. Tenant also represents and warrants that there is no existing Default on the part of the Landlord or the Tenant in any of the terms and conditions of the Lease and no event has occurred which, with the passing of time or giving of notice or both, would constitute a Default under the Lease by Landlord or Tenant.
- c. Except as modified by this Amended Agreement, all of the covenants, agreements, terms and conditions of the Lease shall remain in full force and effect and are hereby in all respects ratified and confirmed.
- d. The covenants, agreements, terms and conditions contained in this Agreement shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.
- e. The Lease and this Amended Agreement contain the entire agreement between the parties. The Lease may be further amended only by a written instrument in form similar to this Amended Agreement, and signed by and delivered to all of the parties.
- f. This Amended Agreement may be executed in any number of counterparts, all of which together shall be deemed to constitute one instrument, and each of which shall be deemed an original. Further, a true and accurate faxed or imaged copy of signature(s) on the Amended Agreement is hereby deemed to function as an original signature.
- g. Initially capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Lease.

///

///

IN WITNESS WHEREOF, this Lease Amendment has been executed as of the date first written above.

**LANDLORD:**

I hereby certify that pursuant to  
Section 25103 of the Government Code,  
delivery of this document has been made.

PATRICK OGAWA  
Acting Executive Officer  
Clerk of the Board of Supervisors

By: 

Deputy

NAY HOLDINGS, LLC

By: 

Fred Nosrati  
Authorized Agent for Landlord

**TENANT:**



**COUNTY OF LOS ANGELES**  
a body politic and corporate

By: 

MICHAEL D. ANTONOVICH  
Mayor, Board of Supervisors

**ATTEST:**

PATRICK OGAWA  
Executive Officer-Clerk  
Of the Board of Supervisors

By: 

Deputy

APPROVED AS TO FORM:  
MARK J. SALADINO  
County Counsel

By: 

Deputy

**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

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JUN 30 2015

  
PATRICK OGAWA  
ACTING EXECUTIVE OFFICER

76491 Supplement No. 1